

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 2043 - HB 1984

March 23, 2009

SUMMARY OF BILL: Expands the definition of “public deposit” to mean funds which are held by a bond trustee under a bond trust agreement where the State or local government has issued bonds. Authorizes such public deposits to be invested in the State Pooled Investment Fund (SPIF) or the Local Government Investment Pool (LGIP).

ESTIMATED FISCAL IMPACT:

State Revenue – Net Impact – Not Significant

State Expenditures – Net Impact – Not Significant

Local Revenue – Net Impact – Not Significant

Local Expenditures – Net Impact – Not Significant

Assumptions:

- According to the Comptroller, when debt is issued and a portion of such debt is held by a bank trustee, such funds are no longer considered government funds. As a result, these funds are no longer eligible to be deposited into the SPIF or the LGIP.
- According to the Comptroller, the issuing authorities from time to time need short-term investment vehicles for investment of bond proceeds. Certain permitted investments are not available in the denominations required or to meet cash flow needs required under such trust agreements and bond resolutions.
- According to the Comptroller, this bill will effectively permit trustees to invest such funds in the SPIF or the LGIP as appropriate.
- Based on the response provided by the Comptroller, the inclusion of funds held by bond trustees in the definition of “public deposit” is not anticipated to result in any significant change to state or local government revenue or expenditures.

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CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized initial "J".

James W. White, Executive Director

/rnc